

Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 CEA-01 CIAE-00
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FM AMEMBASSY ISLAMABAD

TO SECSTATE WASHDC 8650

INFO AMEMBASSY ANKARA

AMEMBASSY DACCA

AMEMBASSY KABUL

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

UNCLAS ISLAMABAD 7970

E.O. 11652: N/A

TAGS: EAGR, EAID, EGEN, PK

SUBJ: LOWER THAN EXPECTED WHEAT CROP REDUCES GNP BY ALMOST
ON PERCENT FROM ORIGINAL ESTIMATE

REF : (A) ISLAMABAD 6643, (B) ISLAMABAD 6557

1. THE PAKISTAN ECONOMIC SURVEY (REF A) AND THE BUDGET
DOCUMENTS USED FIGURES FOR GNP AND GDP GROWTH OF 9.2 AND
6.5 PERCENT, RESPECTIVELY, WHICH MAY BE AS MUCH AS ONE
PERCENT TOO HIGH, SINCE THEY ARE BASED ON AN OVERESTIMATED WHEAT CROP

2. THE PRELIMINARY ESTIMATE, USED IN THE NATIONAL ACCOUNTS,
EXPECTED A WHEAT CROP OF 8.8 MILLION TONS. THE CROP IS NOW
ADMITTED TO HAVE BEEN CONSIDERABLY LESS THAN THAT FIGURE.

3. WE DO NOT KNOW WHEN THE GOP WILL GET AROUND TO
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REVISING ITS NATIONAL ACCOUNT FIGURES DOWNWARD, SO WE HAVE
DONE IT FOR THEM. WE USED 8 MILLION TONS, WHICH IS CLOSE
TO WHAT THE GOP NOW SAYS THE CROP WAS, ALTHOUGH THERE
ARE LOWER ESTIMATES (REF/B). WE USED AN AVERAGE WHOLESALE
PRICE OF RS. 47 PER MAUND (1 MAUND EQUALS .037 TONS) FOR
WHEAT CONSUMED ON THE FARM (70 PERCENT OF TOTAL
PRODUCTION), AN AVERAGE OPEN MARKET PRICE OF RS. 53 PER

MAUND FOR WHEAT SOLD ON THE OPEN MARKET (60 PERCENT OF MARKETABLE SURPLUS) AND RS. 37 PER MAUND FOR WHEAT SOLD IN RATION SHOPS (40 PERCENT OF MARKETABLE SURPLUS). IN CONSTANT (1959/60) PRICES, THE RESULTING LOSS IN VALUE ADDED (RS. 305 MILLION), DUE TO THE 800,000 TON SHORTFALL, REDUCES GNP FROM THE RS. 45,145 MILLION GIVEN IN THE ECONOMIC SURVEY TO RS. 44,840 MILLION AND SIMILARLY GDP FROM RS. 42,659 MILLION TO RS. 42,354 MILLION. THUS THE GNP GROWTH SEEMS TO HAVE BEEN 8.4 NOT 9.2 PERCENT AND GDP GREW AT 5.7 RATHER THAN 6.5 PERCENT.

4. SINCE THE ORIGINAL NATIONAL ACCOUNTS WERE BASED ON PROJECTIONS FROM THREE QUARTERS ACTUAL DATA, THERE MAY BE FURTHER CHANGES BUT WE WOULD EXPECT THOSE CHANGES TO BE SMALLER THAN THE ONE ARISING FROM THE WHEAT SHORTFALL.
HUMMEL

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